

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

L H ROSS & COMPANY, INC. :

CRD # 37920 :

:
:
:
:
:
:
:
:

SUMMARY
REVOCATION ORDER

TO: L H Ross & Company, Inc.
2255 Glades Road
Suite 425W
Boca Raton, Florida 33431

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau") by the Uniform Securities Law, as amended, L. 1997, c. 276, N.J.S.A. 49:3-47 et seq., ("Law"), more particularly, N.J.S.A. 49:3-58, and after careful review and due consideration of Disciplinary Proceeding Nos. CAF030055 and C05040054, accepted by NASD Regulation, Inc. on March 15, 2005, the Bureau Chief has determined that there is good cause and it is in the public interest to revoke the broker dealer registration of L H Ross & Company, Inc. ("L H Ross") for the reasons that follow:

1. L H Ross conducts business and has its principal place of business at 2255 Glades Road, Suite 425W, Boca Raton, Florida.

2. L H Ross is a registered broker dealer as defined under N.J.S.A. 49:3-49(c).

3. On August 30, 2004, pursuant to Disciplinary Proceeding No. CAF040056, the National Association of Securities Dealers ("NASD") imposed a temporary cease and desist order against L H Ross for violations of the SEC's and NASD's antifraud provisions in connection with the offer and sale of private placement interests issued by L H Ross.

4. On January 14, 2005, in NASD Disciplinary Proceeding No. CAF040056, L H Ross was expelled by the NASD from membership for (a) participating in public offerings and sales of unregistered securities issued by it through a private placement offering in 2003; and (b) making material misrepresentations and omissions of fact in connection with the offer, sale, or purchase of securities issued by L H Ross through private placement offerings in 2003 and 2004; and (c) failing to respond to requests for documents and information related to public offerings and sales of unregistered securities issued by L H Ross through private placement offerings in 2002, 2003, and 2004. In addition, a permanent cease and desist order was imposed against L H Ross, the firm was fined \$500,000, and ordered to pay (i) restitution in the amount of \$11,011,008, (ii) prejudgment interest of at least \$450,113.87, and (iii) costs of \$18,253.74

5. On January 25, 2005, in NASD Disciplinary Proceeding No. C07040074, an NASD hearing panel expelled L H Ross from membership and barred the firm's president, Franklin R. Michelin

("Michelin") from the securities industry, for failing to provide requested information, in violation of NASD Rules 8210 and 2110.

6. On February 25, 2005, the NASD summarily suspended L H Ross from the association pursuant to NASD Code of Procedure 9558. That action was premised upon NASD staff's determination that L H Ross is in "such financial or operating difficulty" that the firm "cannot be permitted to continue to do business as a member with safety to investors, creditors, other members, or NASD."

7. On March 11, 2005, L H Ross submitted an offer of settlement to the NASD Department of Enforcement which was accepted by the NASD. Pursuant to the settlement, L H Ross agreed to withdraw with prejudice its appeals and requests for hearings on the outstanding cases brought against them by the NASD Division of Enforcement. Furthermore, L H Ross consented to expulsion from NASD membership.

8. On March 15, 2005, NASD expelled L H Ross from association with any NASD member firm in any capacity for numerous securities law violations which included: (i) participating in public offerings and sales of unregistered securities issued by L H Ross through a private placement offering in 2003; and (ii) making material misrepresentations and omissions of fact in connection with the offer, sale, or purchase of securities issued by L H Ross through private placement

offerings in 2003 and 2004. L H Ross was also ordered to pay restitution in the amount of \$11,011,008.00, plus prejudgment interest of at least \$450,113.87.

L H ROSS IS THE SUBJECT OF AN ORDER OF A SELF-REGULATORY
ORGANIZATION EXPELLING THEM FROM A NATIONAL
SECURITIES ASSOCIATION

N.J.S.A. 49:3-58(a) (1)

N.J.S.A. 49:3-58(a) (2) (vi)

9. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

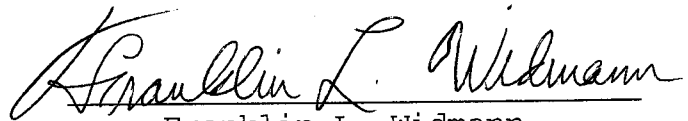
10. Pursuant to N.J.S.A. 49:3-58(a):

[t]he bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ...(vi)...is the subject of an order of ... a self-regulatory organization ... suspending or expelling him from a national securities or commodities exchange or national securities or commodities association ...

11. L H Ross consented to expulsion from a national securities association. This is cause, pursuant to N.J.S.A. 49:3-58(a) (2) (vi), to revoke L H Ross's broker dealer registration.

CONCLUSION

For the reasons stated above,
it is on this *21st* DAY of *June*, 2005 **ORDERED**
that the broker dealer registration of L H Ross & Company, Inc.
be **REVOKED** pursuant to N.J.S.A. 49:3-58(a)(1) and N.J.S.A. 49:3-
58(a)(2)(vi).



Franklin L. Widmann
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., specifically, N.J.S.A. 49:3-58(c), the bureau chief shall entertain on no less than three days notice, a written application to lift the summary revocation on written application of the applicant or registrant and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary revocation.

This matter will be set down for a hearing if a written request for such a hearing is filed with the Bureau within 15 days after the respondent receives this Order. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Orders issued pursuant to this subsection to suspend or revoke any registration shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the order to suspend or revoke any registration shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the order shall toll the time for filing an answer and written request for a hearing.

If no hearing is requested, the Order shall be entered as a

Final Order and will remain in effect until modified or vacated. If a hearing is held, the Bureau Chief shall affirm, vacate or modify the order in accord with the findings made at the hearing.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action revoking your registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.